

201 KAR 30:360. Operation of an appraisal management company.

RELATES TO: KRS 324A.150 - 324A.164

STATUTORY AUTHORITY: KRS 324A.152(8)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324A.152(8) requires the board to establish by administrative regulation standards governing the operation of an appraisal management company. This administrative regulation establishes requirements for operating an appraisal management company.

Section 1. Performance Obligation. (1) A registrant shall disclose to its client the actual fees paid to an appraiser for appraisal services, separately from any other fees or charges for appraisal management services and, upon written request, shall make that information available to the Board.

(2) A registrant shall disclose to each appraiser that it engages for appraisal services verification of its State Registration.

(3) A registrant shall not attempt to directly or indirectly coerce an appraiser to accept an assignment if the appraiser indicates that the appraiser lacks competency or sufficient experience to complete the assignment, and the registrant shall not penalize the appraiser by reducing the number of assignments made to that appraiser, refusing to pay fees owed, or in any other manner.

(4) A registrant shall not withhold or threaten to withhold future business or assignments from an appraiser because of the appraiser's failure to concede to improper or illegal requests, demands, or coercion. This prohibition shall include any express or implicit promise of future business, assignments, promotions, or increased compensation for an appraiser in exchange for the appraiser's agreement to concede to improper or illegal requests, demands, or coercion.

(5) A registrant shall not require an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for any liability, damage, losses, or claims arising out of the services provided by the appraisal management company. This prohibition shall not preclude indemnification agreements for services performed by the appraiser.

(6) A registrant shall not use an appraiser directly selected or referred by any member of a loan production staff of a client.

(7) A registrant shall not request that a broker price opinion be used as the primary basis for developing and reporting an appraisal for the purpose of loan origination of a residential mortgage loan secured by any one (1) to four (4) unit residential property.

(8) A registrant may not remove an appraiser from its appraiser panel without prior written notice to the appraiser as required by KRS 324A.158(2)(d). An appraiser may file a complaint with the Kentucky Real Estate Appraisers Board to review the decision of the registrant for removal from its appraiser panel for reasons other than those allowed by KRS 324A.158(2)(d).

(9) A registrant shall require that if an appraisal report prepared by a Kentucky licensed or certified real property appraiser is reviewed by a state licensed or certified real property appraiser, the review appraiser shall also be certified by the Kentucky Real Estate Appraisers Board.

(10) A registrant shall not prohibit communication between a Kentucky licensed or certified real property appraiser and any person from whom the appraiser believes the information is relevant in the performance of an appraisal assignment.

(11) A registrant shall not require a Kentucky licensed or certified real property appraiser that is an independent contractor under Kentucky law to sign a noncompete agreement. (38 Ky.R. 423; 990; 1299; eff. 2-3-12.)